

## Message Text

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PAGE 01 OTTAWA 01265 040157Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SEC-01 JUSE-00 CIAE-00 DODE-00 PM-04  
H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02  
SS-15 USIA-15 EB-08 COME-00 TRSE-00 OMB-01 DOTE-00  
/079 W

-----040646Z 013836 /15

R 040137Z MAR 77  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC PRIORITY 2664  
INFO AMCONSUL CALGARY  
AMCONSUL HALIFAX  
AMCONSUL MONTREAL  
AMCONSUL QUEBEC  
AMCONSUL TORONTO  
AMCONSUL VANCOUVER  
AMCONSUL WINNIPEG

UNCLAS OTTAWA 01265

E.O. 11652:N/A  
TAGS: EAIR, ETRD, MILI, CA, US  
SUBJECT: SEC BOEING INVESTIGATION--CANADIAN ASPECTS

1. PRESS, RADIO AND TV GIVING PROMINENT COVERAGE TO POSSIBLE CANADIAN INVOLVEMENT IN BOEING PAYOFFS UNDER INVESTIGATION BY SECURITIES AND EXCHANGE COMMISSION AND DOCUMENTS RELEASED PURSUANT TO COURT OF APPEALS DECISION. FRONT-PAGE ARTICLE MONTREAL GAZETTE FOR MARCH 3 REPORTS THAT HIGH-LEVEL CANADIAN INVESTIGATIONS ARE STARTING WITH RESPECT TO POSSIBLE BRIBES OR PAYOFFS IN SALE OF AIRCRAFT TO CANADA. "DEFENCE MINISTER BARNEY DANSON SAID LAST NIGHT HE WILL START A PROBE IN THE DEFENCE DEPARTMENT AT ONCE. PRIME MINISTER PIERRE TRUDEAU'S OFFICE SAID IT WOULD BE SEEKING MORE INFORMATION AS SOON AS POSSIBLE. AIR CANADA DENIED ANY WRONGDOING."

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2. ARTICLE ALSO QUOTES TRANSPORT MINISTER OTTO LANG AS SAYING "WE SHOULD ALL AVOID DRAWING CONCLUSIONS UNTIL WE HAVE EVIDENCE. I HAVE NO DOUBT THAT THE MINISTER OF DEFENCE WILL SHARE MY VIEW THAT WE WILL INVESTIGATE ON OUR OWN." IT CONCLUDES: 'MEANWHILE, CLAUDE TAYLOR, PRESIDENT OF AIR CANADA, SAID IN A

TELEPHONE INTERVIEW THAT, 'TO MY KNOWLEDGE, WE HAVE NEVER BEEN APPROACHED NOR HAVE WE ENGAGED IN ANY (QUESTIONABLE) DEALINGS.'"

3. COMMENT: FIVE BOEING 707'S WERE PURCHASED FOR DEFENCE DEPARTMENT IN 1970 AND 1971. IN ADDITION, ALL MAJOR AIR CARRIERS (THE TRUNKS--AIR CANADA AND CP AIR, THE SUPPLEMENTAL--WARDAIR, PLUS THE FIVE REGIONALS--NORDAIR, EASTERN PROVINCIAL AIRWAYS, TRANSAIR, QUEBECAIR AND PACIFIC WESTERN AIRLINES) OPERATE OR HAVE OPERATED VARYING NUMBERS OF BOEING JET AIRCRAFT OF DIFFERENT TYPES. THE REGIONALS' 707'S MAY HAVE BEEN ACQUIRED ON THE SECOND HAND MARKET. IT IS TCO'S IMPRESSION THAT BOEING SALES TO CANADA MAY BE HANDLED BY SIDE OF COMPANY THAT SERVES U.S. DOMESTIC MARKETS RATHER THAN INTERNATIONAL DIVISION.

4. AIR TRANSPORT ASSOCIATION OF CANADA (ATAC) EXECUTIVE TOLD TCO MARCH 3 THAT EVER SINCE FIRST REPORTS OF BOEING PAYMENTS ABROAD HAVE COME TO LIGHT HE HAS BEEN MAKING QUIET INQUIRIES AS TO POSSIBLE CANADIAN RAMIFICATIONS. HE IS CONVINCED THERE IS NO TRUTH TO ANY SUGGESTIONS AIR CANADA EXECUTIVES--WHOM HE CHARACTERIZED AS HAVING A "HIGH MORAL CHARACTER" --MAY BE INVOLVED AT ANY LEVEL. WITH RESPECT TO THE SMALLER AIRLINES, HE NOTED THAT IN MOST CASES EQUIPMENT DECISIONS ARE MADE WITH CONSIDERABLE PERSONAL INVOLVEMENT OF CHIEF EXECUTIVES--WHO HAVE VARYING DEGREES OF TECHNICAL QUALIFICATIONS--AND THEY ARE GENERALLY PART OF THE OWNERSHIP STRUCTURE

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OF THE CARRIERS. HIS INQUIRIES, HE SAID, GIVE THEM AN EQUALLY CLEAN BILL OF HEALTH. HE ADDED ALSO THAT THERE HAVE BEEN NO RUMORS IN THE TRADE WITH RESPECT TO THE CIVILIAN AIRLINE INDUSTRY THAT ANY CANADIAN EXECUTIVES OR OFFICIALS WERE "ON THE TAKE".

5. CONGENS SHOULD REPORT LOCAL MEDIA REACTION. LEARY

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, AEROSPACE INDUSTRY, CORRUPTION, BRIBERY, INVESTIGATIONS  
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**TAGS:** EAIR, ETRD, MILI, CA, US, BOEING AIRCRAFT CORP  
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**Review Markings:**  
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